

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of Cox Health Systems HMO Inc. for the period
ended December 31, 2011

ORDER

After full consideration and review of the report of the financial examination of Cox Health Systems HMO Inc. for the period ended December 31, 2011, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Cox Health Systems HMO Inc. as of December 31, 2011, be and is hereby ADOPTED as filed and for Cox Health Systems HMO Inc. to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 2nd day of May, 2013.

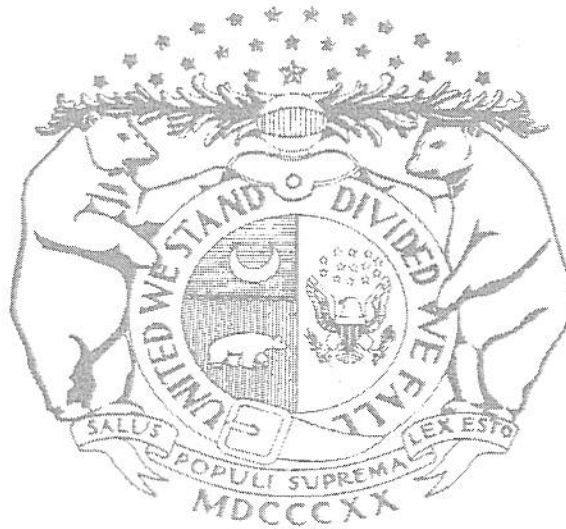


John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

FINANCIAL EXAMINATION

Cox Health Systems HMO Inc.

AS OF:
DECEMBER 31, 2011



FILED
MAY 12 2013
DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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February 28, 2013
Saint Louis, Missouri

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial Institutions
and Professional Registration
301 West High Street, Room 530
Jefferson City, MO 65101

Director Huff:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

Cox Health Systems HMO, Inc.

also referred to as the "Company." The examination was conducted at the Company's main office at 3200 South National, Springfield, MO 65801, telephone number (417) 269-6762 and at the Missouri Department of Insurance, Financial Institutions and Professional Registration (Department) office in St. Louis, Missouri. This examination began on October 29, 2012, and concluded on the above date.

Period Covered

We performed a single-state examination of Cox Health Systems HMO, Inc. The prior exam was completed as of December 31, 2007. This examination covers the period of January 1, 2008 through December 31, 2011.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook, except where practices, procedures and applicable regulations of the Department or statutes of the state of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and Annual Statement Instructions, when applicable to domestic state regulations.

All accounts and activities of the company were considered in accordance with the risk-focused examination process.

SUMMARY OF SIGNIFICANT FINDINGS

The NAIC Annual Statement Instructions require the appointed actuary to make the Actuarial Opinion and the Actuarial Memorandum available to the board of directors. The appointed actuary is further required to report to the board each year on the items within the scope of the Actuarial Opinion. The minutes of the board of directors meeting should indicate that the appointed actuary has presented such information to the board and that the Actuarial Opinion and the Actuarial Memorandum were made available (page 9, Actuarial Opinion, paragraph 3). For the period under examination, there is no evidence that the appointed actuary reported to the board or made the Actuarial Opinion and Actuarial Memorandum available to the board as required.

SUBSEQUENT EVENTS

There were no events occurring subsequent to year-end, through the end of field work, which had a material effect upon the year-end financial statements.

COMPANY HISTORY

General

Cox Health Systems HMO, Inc. was incorporated in the state of Missouri on April 2, 1996, as a network model health maintenance organization. The Company was issued a certificate of authority under Chapter 354, RSMo (Health Service Corporation, Health Maintenance Organizations (HMOs), Prepaid Dental Plans, etc.) on April 3, 1996, and began issuing contracts of health insurance on January 1, 1997.

At incorporation, the Company was owned 50% by Cox Health Systems (CHS), Springfield, Missouri and 50% by Freeman Hospitals and Health System (Freeman), Joplin, Missouri. Effective January 1, 2001, CHS purchased the stock held by Freeman and became the sole stockholder.

The Company's original name of Cox-Freeman Health Plans, Inc. was changed to Cox Health Systems HMO, Inc. by amendment to the articles of incorporation on February 28, 2001.

Capital Stock and Paid-In Surplus

The Company is authorized to issue 6,600 shares of \$1 par value Class H common stock and 1,650 shares of \$1 par value Class P common stock for a total of 8,250 shares of \$1 par value common stock. As of December 31, 2011, 2,000 shares of the Class H common stock were issued and outstanding for a balance of \$2,000 in the Company's common stock capital account. None of the Class P common stock has been issued.

The Company has authority to issue 20,000,000 shares of \$1 par value Class R restricted stock. The Class R stock is issued by the Company in exchange for capital contributions made by the sole shareholder to cover any losses the Company may incur. As of December 31, 2011, \$11,110,482 shares of the Class R stock were outstanding.

The Company had \$10,601,073 of paid-in surplus as of December 31, 2011. The balance remained unchanged during the examination period.

Dividends

The Company has neither declared nor paid any dividends since inception.

Acquisitions, Mergers and Major Corporate Events

There were no major corporate events during the examination period.

Surplus Debentures

None.

CORPORATE RECORDS

A review was made of the Company's articles of incorporation and bylaws. The bylaws were amended in December 2012 to include a provision that one of the members of the board of directors shall reside in the Skaggs Community Hospital Association service area near Branson, Missouri. The amendment was approved by the board of directors and by the Department.

The minutes of the meetings of the stockholder and board of directors were reviewed for the period under examination. The minutes of the Management Committee of Cox Health Plans, LLC covered events relating to the Company and were also reviewed. The minutes provided sufficient documentation that major corporate transactions were evaluated and approved by the board of directors.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a board of nine (9) directors. The directors serving at December 31, 2011 were as follows:

<u>Name</u>	<u>Principal Occupation and Business Affiliation</u>
Joseph W. Turner Strafford, Missouri	President Great Southern Bank
Ken E. Meyer Springfield, Missouri	President-Owner Meyer Communications
Dona K. Elkins Nixa, Missouri	Retired President EDCO
Robert H. Bezanson Springfield, Missouri	President and CEO Cox Health Systems
Jerry G. Jared Rogersville, Missouri	Chairman and CEO Jared Enterprises
Robert E. Roundtree Springfield, Missouri	President Roundtree Capital Management

Clifford M. Costley Monett, Missouri	Physician Cox Health Systems
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Chris W. Nattinger Springfield, Missouri	President Skyline Investment Company
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The ninth board position was unfilled as of December 31, 2011. Larry Schmitt of Branson, Missouri was subsequently appointed to the board at the February 2013 meeting.

Officers

The officers of the Company serving and reported on the Jurat page of the Annual Statement at December 31, 2011 were as follows:

<u>Name</u>	<u>Position</u>
Jeffrey C. Bond	President
Dona K. Elkins	Secretary
Joseph W. Turner	Treasurer
Matthew J. Aug	Assistant Treasurer
Kerry A. Randolph	Chief Medical Officer
Ethan A. Sheffield	Vice President of Marketing

Committees

The Company does not have any formal board committees in place. In order to comply with the requirements of RSMo 375.1030, the entire board of directors is deemed to constitute the Audit Committee.

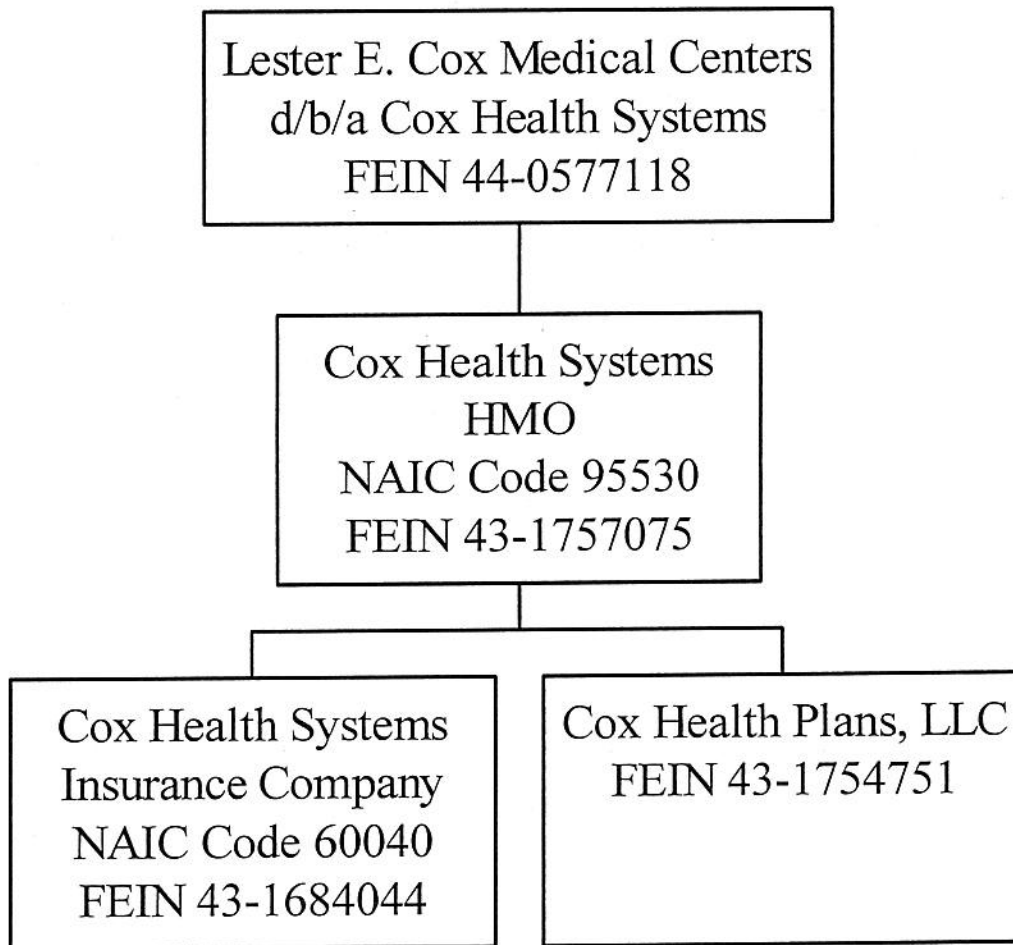
Holding Company, Subsidiaries and Affiliates

The Company is a member of an insurance holding company system as defined in Section 382.010 RSMo (Definitions).

Lester E. Cox Medical Centers, doing business as Cox Health Systems, is the ultimate controlling entity and is a community-owned, not-for-profit health care organization. The organization consists of various entities, all of which are related to the health care industry including hospitals, a nursing home, home care companies, physician services, mental health services and the insurance companies.

Organizational Chart

The following is an abridged organizational chart which depicts the holding company system at December 31, 2011. All subsidiaries are wholly-owned unless otherwise noted. Only entities that are directly related to the Company are listed.



Intercompany Transactions

The Company enters into various agreements with affiliates. Active agreements are discussed below:

Management Agreement

Parties: The Company and Cox Health Plans, LLC

Effective: January 1, 2002. Most recent amendment effective January 1, 2009

Terms: Cox Health Plans, LLC provides comprehensive administrative, financial and managerial services for the Company including premium processing, claims management and provider network administration.

Rate(s): Cox Health Plans, LLC receives a fluctuating rate between 7.0% and 9.5% of the Company's net premium revenue each month as compensation for this arrangement. The Company incurred fees of \$969,778 in 2011 under this agreement.

Cost Sharing Agreement

Parties: The Company and Cox Health Systems

Effective: February 18, 1998

Terms: This agreement allows for joint advertising of products in which Cox Health Systems pays 70% of the cost and the Company pays 30% of the cost.

Rate(s): No costs were incurred or earned by the Company in 2011 under this agreement.

Contribution Agreement

Parties: The Company and Cox Health Systems

Effective: January 1, 2000

Terms: Cox Health Systems agrees to cover losses incurred by the Company. Contributions are made each year via issuance of Class R Stock in an amount equal to the Company's net losses.

Rate(s): The Company incurred \$441,493 in fees in 2011 under this agreement.

PPO/HMO Provider Services Agreement

Parties: The Company and Cox Health Systems

Effective: July 21, 2000. Assignment to Cox Health Systems effective October 31, 2005

Terms: Primrose Health Care Service (an affiliated company) and its network providers agree to provide health care services to the Company's members. Pursuant to the assignment, Cox Health Systems assumed all contractual rights, responsibilities and obligations of Primrose.

Rate(s): The Company incurred \$30,938 in fees in 2011 under this agreement.

Conversion Policy Agreement

Parties: The Company and Cox Health Systems Insurance Company

Effective: January 1, 1997. Amendment effective January 1, 2008

Terms: This agreement allows Cox Health Systems Insurance Company to write a conversion policy that is available to the Company's members.

Rate(s): The Company incurred \$1,287 in fees in 2011 under this agreement.

Dual Option Product Agreement

Parties: The Company and Cox Health Systems Insurance Company

Effective: October 1, 2002

Terms: The companies agree to jointly offer health benefit programs to employer groups of 26 or more and to equally share in the profits and losses of such programs.

Rate(s): The Company earned \$81,695 in fees in 2011 under this agreement.

Point of Service Rider

Parties: The Company and Cox Health Systems Insurance Company

Effective: January 1, 2007. Most recent amendment effective November 1, 2008

Terms: This agreement sets forth the duties of each party relating to the POS product marketed by the Company. Cox Health Systems Insurance Company provides the indemnity benefits included in the POS product and the Company provides the HMO benefits.

Rate(s): Cox Health Systems Insurance Company receives 3% of the aggregate monthly premium as compensation. The company incurred fees of \$135,421 in 2011 under this agreement.

Income Tax Apportionment Agreement

Parties: The Company and Cox Health Systems Insurance Company

Effective: December 31, 2004

Terms: This agreement allows the entities to file consolidated federal and state income tax returns. The respective tax liabilities are determined as if each entity were a stand-alone company.

Rate(s): No fees were incurred or earned by the Company in 2011 under this agreement.

Cox Health Fitness Centers Services Agreement

Parties: The Company, Cox Health Systems Insurance Company and Cox Health Systems

Effective: January 1, 2009

Terms: Under this agreement, the Company and Cox Health Systems Insurance Company offer certain fully-insured members the option to have access to the Cox Fitness Centers. The insurance companies reimburse Cox Health Systems for services provided according to the agreement.

Rate(s): No fees were incurred by the Company in 2011 under this agreement.

Wellness Services Agreement

Parties: The Company and Cox Health Systems

Effective: October 1, 2007. Most recent amendment effective December 10, 2011

Terms: The Company offers their members the ability to purchase wellness riders with their policies. Cox Health Systems agrees to provide certain services related to the wellness rider based on the level of service chosen up to and including a health risk assessment, an individual report, bi-weekly newsletters, health and wellness educational opportunities and coaching.

Rate(s): For each wellness rider sold by the Company, a fee ranging from \$30 to \$100 per employee per service will be charged by Cox Health Systems based on the level of the rider. No fees were incurred by the Company in 2011 under this agreement.

FIDELITY BONDS AND OTHER INSURANCE

Cox Health Systems HMO, Inc. is covered for fiduciary insurance coverage under a policy insuring Cox Health and its subsidiaries. This insurance policy provides \$2,000,000 in fiduciary liability coverage with a \$20,000 deductible. The coverage meets the minimum recommended level of fidelity coverage required by NAIC guidelines.

Cox Health Systems HMO, Inc. is covered under Cox Health self-insured insurance policies providing coverage for director and officers liability, employment practices liability, excess healthcare professional liability, healthcare umbrella liability and workers' compensation. The Company is also a named insured on an errors and omissions liability insurance policy which provides \$5,000,000 in coverage with a \$50,000 deductible.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company has no employees. Cox Health, the ultimate controlling entity in the Cox Health Systems holding company system, leases employees to the management company, Cox Health Plans, LLC, for the administration of insurance policies issued by the Company. As the employer, Cox Health provides employee benefits. These benefits include paid vacation, paid sick leave, medical, vision and dental insurance, life insurance, deferred compensation, a pension plan, and other postretirement benefits plans. The expenses related to employee benefits are recorded through intercompany accounts.

TERRITORY AND PLAN OF OPERATION

Cox Health Systems HMO, Inc. is licensed in the state of Missouri under RSMo Chapter 354 (Health Service Corporation, Health Maintenance Organizations (HMOs), Prepaid Dental Plans, etc.) as a health maintenance organization (HMO). The Company is not licensed in any other state.

The Company operates as a provider-sponsored HMO and issues group and individual contracts. The Company also provides a "Point-of-Service" (POS) product that includes an indemnity rider

underwritten by an affiliate, Cox Health Systems Insurance Company. The POS members can either use the Company's network of providers or use any out-of network provider of their choice. The affiliate is at risk for any losses incurred when the Company's members go out-of-network, except for emergencies. The Company also provides a Prescription Drug Coverage Rider which is made part of the group health plan to which it is attached.

The Company's service area is concentrated in twenty-five counties in Southwestern and South Central Missouri. As of December 31, 2011, the Company had total membership of 2,332 insureds.

GROWTH OF COMPANY

The Company's surplus has increased since the prior examination. The chart below indicates the Company's premium, surplus and premiums-to-surplus ratio for the past four years:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net Premiums Earned (000's)	18,057	15,609	11,316	9,117
Change from Prior Year	-9.5%	-13.6%	-27.5%	-19.4%
Capital and Surplus (000's)	16,215	18,936	20,625	22,025
Change from Prior Year	12.1%	16.8%	8.9%	6.8%
Premiums:Surplus	1.1	0.8	0.5	0.4

LOSS EXPERIENCE

The following exhibit reflects the annual underwriting results of the Company over the last four years.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Premiums earned	\$ 18,057,387	\$ 15,609,389	\$ 11,315,751	\$ 9,116,880
Dual option income	514,162	488,456	304,282	81,695
Total UW deductions	<u>17,799,670</u>	<u>14,706,320</u>	<u>9,759,417</u>	<u>9,157,330</u>
Net UW gain	771,879	1,391,525	1,860,616	41,245
Investment income*	<u>110,384</u>	<u>105,415</u>	<u>73,760</u>	<u>36,365</u>
Net income (pre-tax) *	<u>\$ 882,263</u>	<u>\$ 1,496,940</u>	<u>\$ 1,934,376</u>	<u>\$ 77,610</u>

*Capital gains taxes are included in investment income amounts shown.

REINSURANCE

General

The Company secures reinsurance to protect against large or catastrophic claims. The Company's premiums on a direct and ceded basis for the years under examination were as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Direct business	\$ 18,187,801	\$ 15,718,760	\$ 11,405,027	\$ 9,196,299
Reinsurance ceded	<u>(130,414)</u>	<u>(109,371)</u>	<u>(89,276)</u>	<u>(79,418)</u>
Net premium income	<u>\$ 18,057,387</u>	<u>\$ 15,609,389</u>	<u>\$ 11,315,751</u>	<u>\$ 9,116,881</u>

Ceded

HMO Reinsurance Agreement

Effective January 1, 2011, the Company entered into a HMO reinsurance agreement with HCC Life Insurance Company (Kennesaw, GA). The agreement provides coverage for the Company's HMO and POS policies. Under the agreement, the Company cedes 90% of losses in excess of \$300,000 per covered individual up to a maximum of \$2 million per covered individual per contract period.

ACCOUNTS AND RECORDS

Independent Accountants

For each year during the period under examination, the Company's financial statements were audited by the certified public accounting firm of BKD, LLP. The 2011 audit work papers were reviewed and used in the course of the examination as deemed appropriate.

Actuarial Opinion

For each year during the period under examination, claims-related reserves and other actuarial items were reviewed and certified by Michael L. Round, ASA, MAAA, of the firm Rational Systems, Inc. Mr. Round determined the 2011 claims-related reserves and other actuarial items to be adequate.

Information Systems

In conjunction with this examination, Andrew Balas, CFE, AES, CPA, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems. No material exceptions were noted.

Consulting Actuary

Pursuant to a contract with the Department, Karen E. Elsom, FSA, MAAA, of Lewis & Ellis, Inc., reviewed the adequacy of the Company's reserves and related actuarial items at December 31, 2011. The Lewis & Ellis, Inc. Statement of Actuarial Opinion concluded that all actuarial items included in the review were fairly stated in accordance with accepted actuarial loss reserving standards and principles, met the requirements of the insurance laws of Missouri, and reasonably provided for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its policies and agreements.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Department as of December 31, 2011, as reflected below, were deemed sufficient in par and market value to meet the deposit requirement for the state of Missouri in accordance with Section 354.410 RSMo (Certificate issued, when--annual deposit, requirements--capital account, amount, contents).

<u>Type of Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
US Treasury Note	\$ <u>560,000</u>	\$ <u>564,967</u>	\$ <u>565,193</u>

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2011, and the results of operations for the fiscal period then ended. Any examination adjustments to the amounts reported in the financial statements or comments regarding such are made in the "Comments on the Financial Statements" which follow the financial statements.

There may have been additional differences found in the course of this examination which are not shown in the "Comments on the Financial Statements." These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual financial statement item.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 500,000	\$ -	\$ 500,000
Common stocks	11,946,246	-	11,946,246
Cash and short-term investments	3,572,233	-	3,572,233
Other invested assets	8,340,606	-	8,340,606
Investment income due and accrued	2,104	-	2,104
Current federal income tax recoverable	61,655	-	61,655
Receivables from parent, subsidiaries and affiliates	2,606	-	2,606
Health care and other amounts receivable	12,622	-	12,622
Total assets	<u>\$24,438,072</u>	<u>\$ -</u>	<u>\$24,438,072</u>

LIABILITIES

	Covered	Uncovered	Total
Claims unpaid	\$ 1,655,560	\$ 56,378	\$ 1,711,938
Unpaid claims adjustment expenses	50,000	-	50,000
Aggregate health policy reserves	50,000	-	50,000
Premiums received in advance	253,534	-	253,534
General expenses due or accrued	32,015	-	32,015
Net deferred tax liability	164,934	-	164,934
Amounts due to parent, subsidiaries and affiliates	150,389	-	150,389
Total liabilities	<u>\$ 2,356,432</u>	<u>\$ 56,378</u>	<u>\$ 2,412,810</u>
Common capital stock			\$ 2,000
Gross paid in and contributed surplus			10,601,073
Class R Stock			11,110,482
Unassigned funds (surplus)			311,706
Total capital and surplus			<u>\$22,025,261</u>
Total liabilities, capital and surplus			<u>\$24,438,071</u>

STATEMENT OF OPERATIONS

	<u>Uncovered</u>	<u>Total</u>
Member months		29,377
Net premium income		\$ 9,116,880
Dual Option		<u>81,695</u>
Total revenues		9,198,575
Hospital/medical benefits	\$ 164,125	6,453,109
Outside referrals	46,788	46,788
Emergency room and out-of-area	7,097	120,024
Prescription drugs	<u>-</u>	<u>1,533,512</u>
Total hospital and medical	218,010	8,153,433
Claims adjustment expenses	-	147,588
General administrative expenses	<u>-</u>	<u>856,310</u>
Total underwriting deductions	\$ 218,010	9,157,331
Net underwriting gain		41,244
Net investment gains	-	<u>36,365</u>
Net income (pre-tax)		77,609
Federal and foreign income taxes incurred		<u>(565,000)</u>
Net income		<u><u>\$ (487,391)</u></u>

RECONCILIATION OF SURPLUS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Capital and surplus, prior year	\$ 14,463,629	\$ 16,215,244	\$ 18,936,133	\$ 20,624,503
Net income/(loss)	944,566	1,857,324	1,570,197	(487,390)
Change in net unrealized capital gains	1,727,657	2,720,890	1,688,371	1,400,757
Change in net deferred income tax	-	-	(9,351,577)	-
Change in nonadmitted assets	23,956	-	9,351,577	-
Prior Period Adjustment	57,954	130,277	72,199	45,896
Class R Stock	<u>(1,002,518)</u>	<u>(1,987,602)</u>	<u>(1,642,397)</u>	<u>441,493</u>
Net change in capital and surplus	<u>1,751,615</u>	<u>2,720,889</u>	<u>1,688,370</u>	<u>1,400,756</u>
Capital and surplus, current year	<u><u>\$ 16,215,244</u></u>	<u><u>\$ 18,936,133</u></u>	<u><u>\$ 20,624,503</u></u>	<u><u>\$ 22,025,259</u></u>

EXAMINATION CHANGES

There were no changes to the financial statements resulting from the examination.

COMMENTS ON FINANCIAL STATEMENTS

There were no comments on the financial statements resulting from the examination.

SUMMARY OF RECOMMENDATIONS

As noted in the Summary of Significant Findings (page 2), the appointed actuary did not make the Actuarial Opinion and the Actuarial Memorandum available to the board of directors or report to the board on the items within the scope of the Actuarial Opinion as required by the NAIC annual statement instructions. The Company should ensure that the Appointed Actuary makes the required presentation to the board and that the Actuarial Opinion and Actuarial Memorandum are made available to the board. The board's meeting minutes should document that the reports were made available and that the actuary made the required presentation.

ACKNOWLEDGMENT

The assistance and cooperation extended by Cox Health Systems HMO, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, John Boczkiewicz, CFE, CPA; Rick Stamper, CFE; Arthur Palmer, CFE, Jennifer Danz, AFE, CPA; and Andrew T. Balas, CFE, AES, CPA, examiners for the Department, and Karen E. Elsom, FSA, MAAA of Lewis & Ellis, Inc., participated in this examination.

VERIFICATION

State of Missouri)

) ss

City of St. Louis)

I on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.



Thomas J. Cunningham, CFE, CPA
Examiner-in-Charge

Department of Insurance, Financial Institutions and Professional Registration

Sworn to and subscribed before me this 19th day of March 2013.
My commission expires:

5-11-2016


Notary Public

SUPERVISION

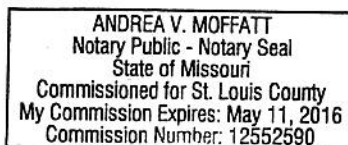
The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with the National Association of Insurance Commissioners procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.



Michael Shadowens, CFE

Audit Manager

Department of Insurance, Financial Institutions and
Professional Registration





*Cox Health Systems Insurance Company
Cox Health Systems HMO, Inc.*

April 29, 2013

Mr. Frederick Heese
Missouri Department of Insurance
P.O. Box 690
Jefferson City, MO 65102-0690

RE: Company Responses to Examination Reports

Cox Health Systems HMO, Inc (CHMO)

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Company Response: CHMO will have the appointed actuary make the actuarial opinion and the actuarial memorandum available to the board of directors and report to the board on the items within the scope of the actuarial opinion as required by the NAIC annual statement instructions. CHMO will document this in the board's meeting minutes.

Cox Health Systems Insurance Company (CHSIC)

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Company Response: CHSIC will have the appointed actuary make the actuarial opinion and the actuarial memorandum available to the board of directors and report to the board on the items within the scope of the actuarial opinion as required by the NAIC annual statement instructions. CHSIC will document this in the board's meeting minutes.

Please include these responses in the report.